

China's Vow to Attract Foreign Investment

China's New 24 Points Policy: Opinions of the State Council on Further Optimizing the Foreign Investment Environment and Increasing the Attractiveness for Foreign Investment.



Push Forward to Attract and Utilize Foreign Investment

To enhance its openness to the global market and refine its economic system, China has released 24 directives aimed at enhancing the foreign investment environment. We explain what the individual directives mean and what opportunities they present for you.

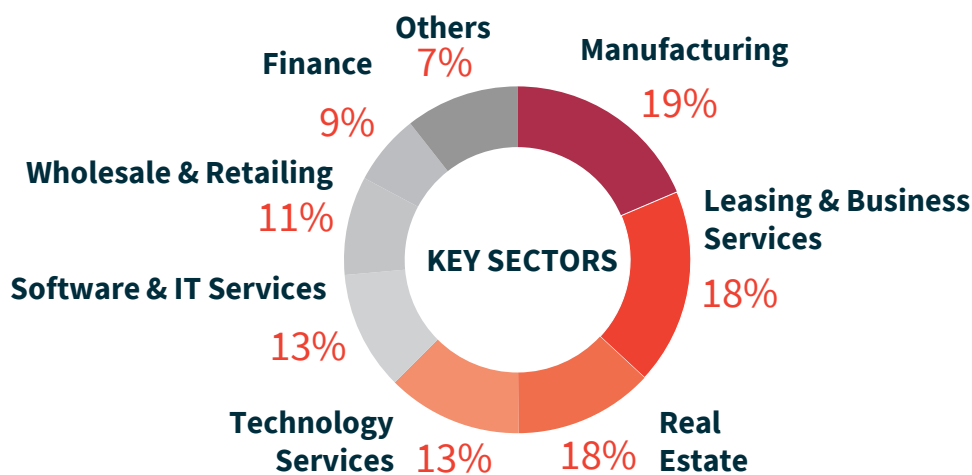


China's New 24 Points Policy Capital Utilization Efficiency Improvement & Equal Treatment

With slowing down of foreign investments in 2023 and amidst geo-political upheavals, China is dedicated to actively and efficiently attracting and utilizing foreign investment, improving its position on an international level. These directives aim to make use of its domestic market advantages and establish a top-of-the-range business environment grounded on market orientation and international competitiveness.

IMPROVE THE EFFICIENCY OF FOREIGN CAPITAL UTILIZATION

- 1. Enhance Foreign Investment in Key Sectors:** China aims to attract foreign investment in key sectors by supporting the establishment of R&D centers, and collaboration with domestic enterprises is encouraged.



Source: Ministry of Commerce of the People's Republic of China

- 2. Enable the Service Sector:** The service sector is targeted to become a model for opening up to align with international economic and trade regulations. Innovative financing methods, including intellectual property and equity will be promoted.
- 3. Broaden Avenues for Investment:** Eligible foreign investors are encouraged to establish investment companies and regional headquarters. Enterprises receiving investments from these companies will get treatment in line with national regulations.
- 4. Facilitate Relocation:** Various open platforms, such as free trade pilot zones, will be used to foster cooperation on industrial relocation between different regions within China. Mechanisms that facilitate the sharing of results and benefits will be promoted.
- 5. Enhance the Mechanism of Advancing Foreign Investment Projects:** The handling process for major foreign investment projects will be enhanced, with increased support in terms of resources, policies and services.



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ENSURING EQUAL TREATMENT FOR FOREIGN-INVESTED ENTERPRISES

- 6. Participation in Government Procurement:** China aims to legally enable foreign-invested enterprises to participate in government procurement. Clearer standards for "produced within China" will be defined, and innovative procurement methods will be introduced. Revisions to the Government Procurement Law will be accelerated.
- 7. Participation in Standard Formulation:** Foreign-invested enterprises will be supported for their equal participation in standard formulation in compliance with the law. Foreign-invested companies are encouraged to create industry standards independently or in collaboration with others.
- 8. Equitable Policy Support:** Policies aimed at boosting industrial growth and stimulating domestic demand will avoid excluding or discriminating against foreign-invested enterprises.

SAFEGUARDING INTEREST OF FOREIGN-INVESTED ENTERPRISES

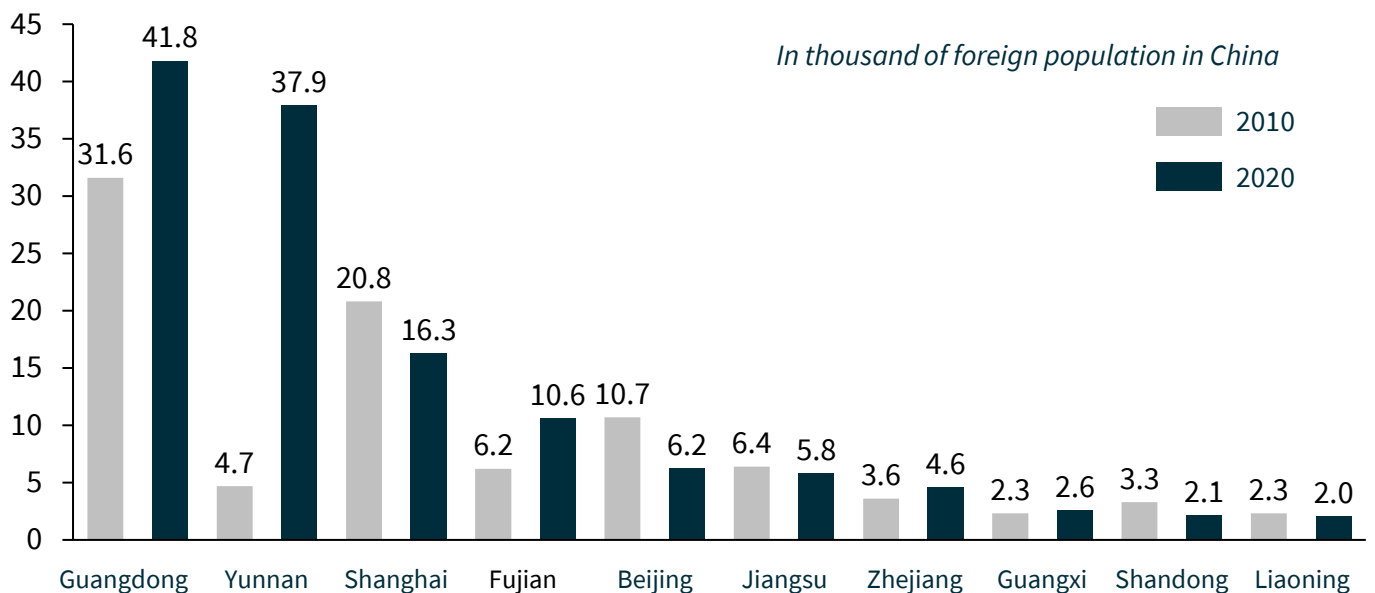
- 9. Mechanism Enhancement:** China plans to improve the mechanism for safeguarding foreign-invested enterprises' interests, including addressing international investment disputes. Responsibilities will be defined, and dispute prevention will be strengthened.
- 10. Intellectual Property Protection:** Administrative safeguards for intellectual property rights will be strengthened. An administrative adjudication system for patent infringement disputes will be enhanced, and administrative judgments will be robustly enforced.
- 11. Administrative Enforcement of Intellectual Property Rights:** Decisive action will be taken against infringements on the intellectual property rights of foreign-invested enterprises, especially cross-regional and chain-style infringements.
- 12. Standardization of Policies:** Foreign trade and economic policies and regulations will be standardized. Transparency and predictability will be prioritized in policy formulation and inputs from foreign-invested enterprises will be considered.



China's New 24 Points Policy Enhance Investment and Operational Facilitation

ENHANCING THE LEVEL OF INVESTMENT AND OPERATIONAL FACILITATION

13. Residency and Stay Policies: China plans to optimize residency and stay policies for foreign employees of foreign-invested enterprises. Continuous improvements will be made to entry and exit policies to provide convenience for foreign executives, technical personnel, and their family members working for these enterprises.



Source: National Bureau of Statistics China

14. Cross-Border Data Flow: China will implement the requirements of the Cybersecurity Law, Data Security Law, and Personal Information Protection Law to establish a green channel for eligible foreign-invested enterprises.

15. Regulatory Inspections: China plans to coordinate and optimize regulatory inspections for foreign-invested enterprises. The "random inspection, public disclosure" regulatory approach will be implemented, with a focus on credit risk-based management.

16. Services and Guarantees: China aims to enhance services and guarantees for foreign-invested enterprises. Roundtable meetings for foreign-invested enterprises will be established and improved as part of a system to facilitate communication



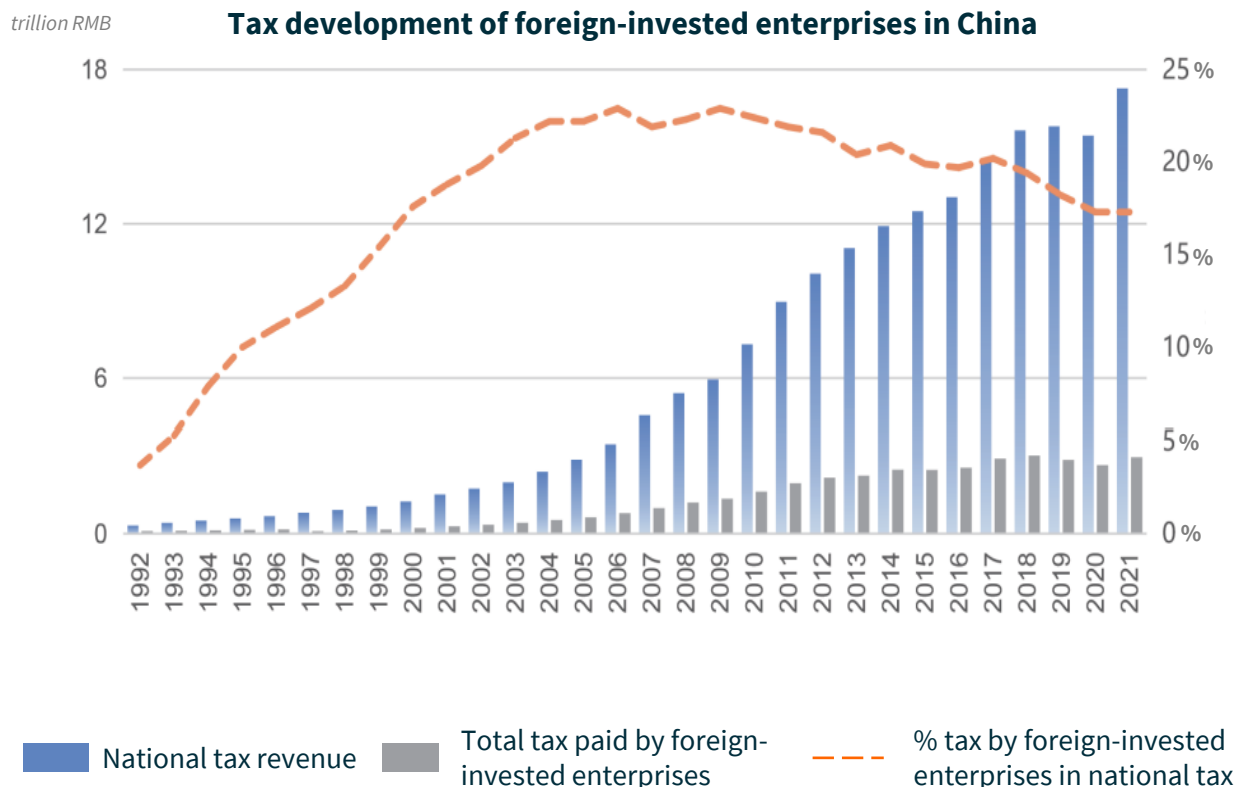
China's New 24 Points Policy Financial and Tax Support & Promoting Improvement

STRENGTHENING FINANCIAL AND TAX SUPPORT

17. Financial Support for Foreign Investment Promotion: China plans to enhance financial support for foreign investment promotion. Special funds for the development of foreign trade and economic affairs by the central government will be centralized and coordinated to expedite the implementation of iconic foreign-funded projects.

18. Domestic Reinvestment by Foreign-Invested Enterprises: Policies shall temporarily exempt withholding income tax on profits reinvested by foreign investors within China.

19. Tax Incentives for Foreign-Invested Enterprises: Support will also be extended to foreign-funded research and development centers to benefit from tax policies promoting technological innovation imports and value-added tax refunds for domestically procured equipment, following national regulations.



Source: Ministry of Commerce of the People's Republic of China



China's New 24 Points Policy Financial and Tax Support & Promoting Improvement

IMPROVING THE METHODS OF PROMOTING FOREIGN INVESTMENT

- 20. Enhancing Investment Promotion Mechanisms:** China will implement "Invest in China" initiatives to strengthen the brand and operational mechanisms. Regions with the necessary infrastructure will develop cooperative investment promotion mechanisms with relevant countries or regions and establish versatile investment promotion platforms.
- 21. Streamlining Overseas Investment Promotion:** Regular investment promotion teams will be dispatched abroad to invite foreign investments, including participation in conferences, exhibitions, and hosting negotiations with foreign investors in China.
- 23. Expanding Avenues for Promotion:** China aims to strengthen ties between its embassies and consulates and key enterprises in host countries or regions to promote investment opportunities in China.
- 24. Enhancing Assessment of Investment Promotion:** China plans to develop a robust evaluation system for promoting foreign investments, focusing on the tangible impact of investments on economic and societal development.

FEEDBACK FROM MULTI-NATIONAL COMPANIES IN CHINA



*„This policy **further strengthens Nestlé's determination to pursue high-quality development in the Chinese market.** In response to the increasingly upgrading Chinese consumer goods market, this year Nestlé has further launched a series of health nutrition products, office coffee solutions, pet food, drinking water and other products and services. Since 2020, Nestlé has invested more than 1.4 billion RMB/ 180 million EUR in China and is confident that the company will continue to invest in China in the future.“ - **Executive Vice President of Nestlé Group***

*„We have been deeply involved in China for 30 years and have developed a comprehensive set-up in the Chinese market, including an international R&D center, a management headquarters, and five production plants and sales companies. We are also continuing with further localization to respond to customer needs quickly. **The current market opportunities in China are very precious.**“ - *President of Daikin Air Conditioning China**





China's New 24 Points Policy Feedback from multi-national companies in China



„In recent years, China's business environment for pharmaceutical innovation has continued to improve, providing more opportunities for innovation-driven multinational pharmaceutical companies like Astellas. **The group has increased investment in the Chinese market in various areas.**“ - General Manager of Astellas Pharmaceutical China

CONCLUSIONS

Chinese government have re-emphasized its propositions to further optimize the foreign investment environment and increase the attractiveness for foreign investment:

- Establish a more favorable investment climate for foreign investors
- Re-bolster foreign enterprises' confidence in investing in China

You would like to discuss with experts which opportunities and possibilities arise for your company from the 24 Point Policy?

Contact us at our Munich or Shanghai office where our specialists are ready to help:



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